

**Central Huron Ambulance Service Assoc.
Bad Axe, MI**

**Financial Report
March 31, 2004**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Central Huron Ambulance Service Association	County Huron
Audit Date 3/31/04	Opinion Date 6/24/04	Date Accountant Report Submitted to State: 7/15/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

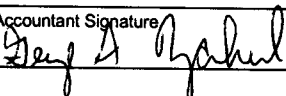
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) George A Zahul CPA PC			
Street Address 101 North Port Crescent		City Bad Axe	State MI
		ZIP 48413	
Accountant Signature 		Date 7-12-04	

Central Huron Ambulance Service Assoc.

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George Zahul, CPA, PC
101 N Port Crescent St
Bad Axe, MI 48413
989-269-9966

Independent Auditor's Report

To the Board of Directors
Central Huron Ambulance Service Assoc.
Bad Axe, MI 48413


I have audited the accompanying general purpose financial statements of the Central Huron Ambulance Service Assoc. as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Central Huron Ambulance Service Assoc.. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Central Huron Ambulance Service Assoc. as of March 31, 2004, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued my report dated July 13, 2004, on my consideration of the Central Huron Ambulance Service Assoc.'s internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purpose of additional analysis and is not a required part of the general purpose financial statements of the Central Huron Ambulance Service Assoc.. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects in relation to the general purpose financial statements taken as a whole.


George Zahul, CPA, PC
July 13, 2004

George Zahul, CPA, PC
101 N Port Crescent St
Bad Axe, MI 48413
989-269-9966

**Report on Compliance and on Internal Control Over Financial
Reporting Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards**

To the Board of Directors
Central Huron Ambulance Service Assoc.
Bad Axe, MI 48413

I have audited the general purpose financial statements of the Central Huron Ambulance Service Assoc. as of and for the year ended March 31, 2004, and have issued my report thereon dated July 13, 2004. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

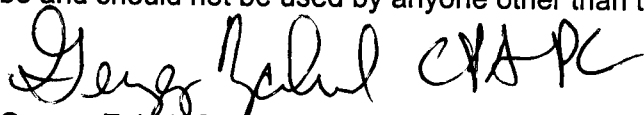
Compliance

As part of obtaining reasonable assurance about whether the Central Huron Ambulance Service Assoc.'s general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, I noted certain immaterial instances of noncompliance that I have reported to management of Central Huron Ambulance Service Assoc., in a separate letter dated July 13, 2004.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Central Huron Ambulance Service Assoc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the Village Council, the State of Michigan, and the United States Department of Agriculture Rural Development and is not intended to be and should not be used by anyone other than those specified parties.



George Zahul, CPA, PC
July 13, 2004

Central Huron Ambulance Service Assoc.

BALANCE SHEET

March 31, 2004

ASSETS

CURRENT ASSETS

Petty Cash	\$	400.00
Signature Bank		118,345.70
Cash - Money Market		59,681.23
Cash - Bay Port State Bank		93,970.31
Accounts Receivable - Accumed		152,711.85
Accounts Receivable - Collection Agency		221,701.98
Allowance for Uncollectible Accounts		(131,044.84)
Prepaid Rent		3,600.00

Total Current Assets

519,366.23

PROPERTY AND EQUIPMENT

Land	18,000.00
Building	219,840.41
Equipment	383,264.31
Furniture & Fixtures	13,550.61
Land Improvements	4,516.75
Office Equipment	11,158.23
Transportation Equipment	185,271.49
Less - Accumulated Depreciation	<u>(503,239.72)</u>

Net Property and Equipment

332,362.08

TOTAL ASSETS

\$ 851,728.31

The accompanying notes are an integral part of the financial statements.

Central Huron Ambulance Service Assoc.

BALANCE SHEET

March 31, 2004

Liabilities and Fund Equity

CURRENT LIABILITIES

Accounts Payable	\$	3,717.19
Accrued Federal W/H		1,345.00
Accrued and Withheld FICA		2,455.96
Accrued State W/H		641.82
Accrued MESC		1,314.08
Accrued Wages		13,650.00
Accrued FUTA		166.77
Deferred Income		<u>13,992.50</u>

Total Current Liabilities 37,283.32

LONG-TERM LIABILITIES

Total Liabilities 37,283.32

FUND EQUITY

Retained Earnings - Beginning	753,349.33
Net Income (Loss)	<u>61,095.66</u>

Total Fund Equity 814,444.99

TOTAL LIABILITIES AND FUND EQUITY \$ 851,728.31

The accompanying notes are an integral part of the financial statements.

Central Huron Ambulance Service Assoc.
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN RETAINED EARNINGS
Actual vs. Budget
For the Year Ended March 31, 2004

	Actual	Budget	Variance Favorable (Unfavorable)
Sales			
Ambulance Run Income	\$ 463,227.88	\$ 363,910.00	\$ 99,317.88
Bad Axe Subsidy	8,655.00	8,655.00	0.00
Bingham Township Intercepts	3,150.00	3,150.00	0.00
Colfax Township Subsidy	4,885.00	4,885.00	0.00
Donations & Memorials	1,126.00	1,200.00	(74.00)
Dwight Township Subsidy	1,447.50	1,447.50	0.00
East Huron Intercepts	500.00	500.00	0.00
Fund Raising	5,860.77	6,000.00	(139.23)
Hume Township Subsidy	2,002.50	2,002.50	0.00
Huron County Subsidy	7,200.00	7,200.00	0.00
Kinde Subsidy	1,335.00	1,335.00	0.00
Lincoln Township Subsidy	1,725.00	1,725.00	0.00
Meade Township Subsidy	1,997.50	1,997.50	0.00
PA Township Subsidy	2,135.00	2,135.00	0.00
PA Village Subsidy	1,842.50	1,842.50	0.00
Pte. Aux Barques Subsidy	25.00	25.00	0.00
Reimbursed Expenses	851.40	800.00	51.40
Sheridan Township Subsidy	920.00	920.00	0.00
Sigel Township Subsidy	720.00	720.00	0.00
Verona Township Subsidy	3,372.50	3,372.50	0.00
Village of Elkton Intercepts	1,684.48	1,350.00	334.48
Less - Refunds	(4,481.43)	(5,000.00)	518.57
Total Sales	<u>510,181.60</u>	<u>410,172.50</u>	<u>100,009.10</u>

The accompanying notes are an integral part of the financial statements.

Central Huron Ambulance Service Assoc.
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN RETAINED EARNINGS
Actual vs. Budget
For the Year Ended March 31, 2004

	Actual	Budget	Variance Favorable (Unfavorable)
Operating Expenses			
Advertising	0.00	50.00	50.00
Auto Mileage	6,974.44	6,000.00	(974.44)
Bad Debt Expense	26,538.85	23,500.00	(3,038.85)
Bad Debt Expense - Medicare & Ins.	6,485.05	6,500.00	14.95
Collection Fees	3,630.89	10,000.00	6,369.11
Depreciation Expense	52,516.57	55,000.00	2,483.43
Dues and Subscriptions	537.85	600.00	62.15
Licenses & Permits	375.00	400.00	25.00
Educational	11,430.77	7,500.00	(3,930.77)
Fuel	7,078.61	7,000.00	(78.61)
Fund Raising Expense	2,151.80	2,200.00	48.20
Insurance	24,922.38	25,000.00	77.62
Insurance W/Comp Ambul.	9,040.00	9,000.00	(40.00)
Meals	3,775.94	3,500.00	(275.94)
Medical Supplies	3,389.67	4,000.00	610.33
Medical Supplies -Other	20,399.42	24,000.00	3,600.58
Miscellaneous	23.00	100.00	77.00
Office Supplies	2,445.89	2,500.00	54.11
Postage & Delivery	1,097.16	1,000.00	(97.16)
Professional Fees - Acct.	4,262.50	4,500.00	237.50
Professional Fees - Legal Fees	560.00	522.50	(37.50)
Professional Fees - Accu Med	39,089.83	35,000.00	(4,089.83)
Rent	1,200.00	1,200.00	0.00
Repairs	22,840.37	20,000.00	(2,840.37)
Taxes - FICA - Ambulance	13,294.04	13,000.00	(294.04)
Taxes - Unemployment - Ambulance	3,766.46	3,000.00	(766.46)
Telephone	3,894.21	4,000.00	105.79
Utilities	5,427.29	5,000.00	(427.29)
Wages - Ambulance	151,878.00	150,000.00	(1,878.00)
Wages - Administrative	23,127.00	22,000.00	(1,127.00)
Total Operating Expenses	<u>452,152.99</u>	<u>446,072.50</u>	<u>(6,080.49)</u>
Operating Income	<u>58,028.61</u>	<u>(35,900.00)</u>	<u>93,928.61</u>
Other Income (Loss)			
Interest Income	<u>3,067.05</u>	<u>4,000.00</u>	<u>(932.95)</u>
Total Other Income (Loss)	<u>3,067.05</u>	<u>4,000.00</u>	<u>(932.95)</u>
Net Income (Loss)	61,095.66	<u>\$ (31,900.00)</u>	<u>\$ 92,995.66</u>
Retained Earnings Beginning of Year	<u>753,349.33</u>		
Retained Earnings End of Year	<u>\$ 814,444.99</u>		

The accompanying notes are an integral part of the financial statements.

Central Huron Ambulance Service Assoc.

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income (Loss)	\$ 61,095.66
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	52,516.57
Losses (Gains) on sales of Fixed Assets	0.00
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(25,531.79)
Other	1,200.00
Increase (Decrease) in Operating Liabilities:	
Accrued Liabilities	1,280.39
Total Adjustments	<u>29,465.17</u>
Net Cash Provided By (Used In) Operating Activities	90,560.83

CASH FLOWS FROM INVESTING ACTIVITIES

Capital Expenditures	<u>(117,171.49)</u>
Net Cash Provided By (Used In) Investing Activities	(117,171.49)

CASH FLOWS FROM FINANCING ACTIVITIES

	<u>0.00</u>
Net Cash Provided By (Used In) Financing Activities	<u>0.00</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

(26,610.66)

CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD

299,007.90

CASH AND CASH EQUIVALENTS AT END OF PERIOD

\$ 272,397.24

The accompanying notes are an integral part of the financial statements.

Central Huron Ambulance Service Assoc.
Notes to the Financial Statements
March 31, 2004

Note 1 - Description of Entity

A. Organization

Central Huron Ambulance Service Assoc. is a not-for-profit organization established in April 1983, pursuant to an interlocal agreement between the City of Bad Axe and the following townships: Colfax, Lincoln, Meade, Verona, Sigel and Sheridan. All of the above are located in Huron County, Michigan. The Association provides ambulance services to the residents of the governments listed and is governed by a Board of Trustees which consists of one representative from each constituent unit. During the year ended March 31, 1997, Central Huron Ambulance Service Assoc. acquired the assets of Thumb Ambulance Service. This combination adds the following townships and villages to the agreement: Dwight, Hume, Port Austin and Pte Aux Barques and Villages of Kinde and Port Austin.

B. Ownership

Upon withdrawal of a constituent unit, the bylaws require that the Association pay the withdrawing unit for its share of the Association's capital account as of the date of withdrawal. Upon dissolution of the Association, the remaining assets are to be distributed to the constituent units.

Summary of Significant Accounting Policies

C. Basis of Accounting

The Association is treated as an enterprise fund. Its books are maintained using the accrual basis method of accounting whereby revenues are recorded when services have been rendered and expenditures are recorded when incurred.

D. Property and Equipment

Property and Equipment are recorded at cost and are depreciated using the straight-line method over useful lives ranging from 5 to 31.5 years.

E. Allowance for Doubtful Accounts

The Association considers past collection occurrence rates and determines the allowance for doubtful accounts based on the percentage of collections as compared to invoices sent.

Central Huron Ambulance Service Assoc.
Notes to the Financial Statements
March 31, 2004

F. Budgets and Budgetary Accounting

The Association follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, a proposed operating budget for the fiscal year commencing April 1 is submitted to the Board.
2. The operating budget includes proposed expenditures and the means of financing them.
3. Public hearings are conducted to obtain taxpayer comments.
4. Prior to April 1, the budget is legally enacted.
5. The budget is used by the Board as a management tool during the year for all budgetary funds. The budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Appropriations lapse at year-end.

Budget amounts are as originally adopted, or as amended by the Board. Individual amendments were not material in relation to the original appropriations, which were amended.

Note 2 - Balance Sheet Cash, Interest Bearing Deposits and Investments

Deposits are carried at cost. Deposits of the Association are at a local bank in the name of the Central Huron Ambulance Service Association's Treasurer. Michigan Compiled Laws Section 129.91, authorizes the Association to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the Government National Mortgage Association; United States Government or Federal agency obligation repurchase agreements; banker's acceptance of United States banks; mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan; and commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund. Michigan laws prohibit security in the form of collateral, surety bonds, or other forms for the deposit of public money.

The Association's deposits are in accordance with statutory authority. The Governmental Accounting Standards Board (GASB) Statement No. 3 risk disclosures for the Association's cash deposits are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>
Insured (FDIC)	\$ 253,651.54
Uninsured and Uncollateralized	18,345.70
Total Deposits	\$ 271,997.24

Central Huron Ambulance Service Assoc.
Notes to the Financial Statements
March 31, 2004

Note 3 - Related Party Transactions

The Association received contributions from its constituent units totaling \$42,472.29 for year ended March 31, 2004. These amounts, accordingly, have been included in revenue.

Note 4 - Employee Retirement System and Benefit Plans

The Association does not provide for Retirement Benefits for its employees. Unpaid Vacation, Holiday, and Sick pay are included in accrued wages.

Note 5 - Excess of Expenditures over Appropriations in Budgetary Funds

P.A. 621 of 1978, as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Association's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budget of the association for these budgetary funds were adopted at the function level.

During the year ended March 31, 2004, the Association incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated, as presented in the accompanying Financial Statements.

Note 6 - Accounts Receivable

The amounts of the accounts receivable on the balance sheet of \$374,413.83 is prior to any adjustments that may result by Medicare, Medicaid, Insurance companies, accounts turned over to a collection agency and other valuation of collectibility of the receivables.

Note 7 - Lease Agreement

Central Huron Ambulance Service Assoc. made a five-year lease with the Port Austin Fire Department for storage space at the building. Rent payments are \$100 per month, with all payments made up front in order to do remodeling work. The payment was made February 1997.

Note 8 - New Reporting Standard

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The association is required to implement this standard for the fiscal year beginning after June 15, 2003. The association has not yet determined the full impact that adoption of GASB statement 34 will have on the financial statements.

George Zahul, CPA, PC

101 N Port Crescent St
Bad Axe, MI 48413

July 13, 2004

To the Board of Directors
Central Huron Ambulance Service Assoc.
Bad Axe, MI 48413

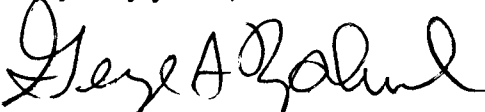
The following comments related to situations that came to my attention during the course of my recent examination of the Central Huron Ambulance Service Assoc.'s financial statements as of and for the year ended March 31, 2004, and are submitted for your evaluation and consideration. I would like to emphasize that, since my examination was conducted for the purpose of expressing an opinion on the previously referred to financial statements, these comments are not necessarily all inclusive.

1. The Association over-expended in the Enterprise Fund in comparison to the budget. This excess of expenditure over budget amount is in violation of P.A. 621. The Board should avoid such violations by periodically reviewing actual expenditures and revenues as compared to budget amounts.
2. Please contact our office in the near future, regarding the implementation procedures of the changes required by GASB 34, which will affect the way you account for transactions.

If you would need assistance in implementing the above, I would be happy to assist you.

I want to take this opportunity to thank the Board for selecting me to do your audit, and I want to thank the Township Officials for their help and assistance during the audit.

Very truly yours,



George A. Zahul, PC
Certified Public Accountant